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THE FARMER'S ATTITUDE

BY U. S. SENATOR ARTHUR CAPPER

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Whether they wish to or not, the time is here when, for their own welfare, the two-thirds of our people who consume food, wool, cotton and leather, but produce none of these products, must realize that agriculture is the first industry of the country and that it must have public recognition and support as such, if the industries and commerce of the consuming two-thirds are to continue to prosper and their children to thrive. A remarkable change is coming over the American farmer. He no longer is the self-sufficient, go-it-alone individual of ten or even of five years ago. Instead, he is developing rapidly into the type of business man who believes that only by organizing into groups and taking the marketing of his own products into his own hands can he hope to obtain economic justice and living prices for his industry. Not only is he organizing farmers' co-operative marketing associations to an extent and with a thoroughness never before approached in this country, but individually he is cutting down his farming operations, seeding fields to pasture, growing less grain and fewer hogs and cattle, and putting his business into condition where he can handle it with less labor, because the high wages of the cities have taken much of his help from him, and with less risk of loss in selling his products in markets controlled by speculators, middlemen and market manipulators.

The chronic indifference of the consuming two-thirds and of the Government to the welfare of the farmer's business, his women and children, and the arrogant greed of speculators and middlemen, especially in the last three years, have forced the farmer to retrench. He cannot do otherwise. He has maintained production in the last three years by lengthening his already long working day and by taking his women and children into the field. He cannot humanly

be expected to continue that programme indefinitely. It is not right or natural that he should. Moreover, there is and has been no inducement or appreciation that would tend to cause him further to sacrifice himself and his family for the public good. The war is over, and the only reward the consuming two-thirds has given him has been to brand him as a profiteer when in no sense of the word has he profiteered, but rather he has suffered more than any other class of victims of the profiteers. He has abundant reasons for cutting down his operations to a point where he can handle them with less labor, less expense and less risk. It is the same thing that any manufacturer or any capable business man would do if he confronted a like situation. That the decrease in his acreage of field crops and in the numbers of his livestock is likely to cause a further eclipse of the dollar that the indifferent consuming two-thirds pays for food, wool, cotton and leather products is growing to be a matter of indifference to the farmer. He cannot pay with altruism for the careless ignorance and indifference of the public and the Government which have made him the helpless victim of practically every market, where he is forced to sell at the arbitrary price named by the speculator and the middleman.

It is a situation that shows plainly, unquestionably, that the time is here when the consuming two-thirds must take an interest in the welfare of the agricultural industry, to induce the farmer to expand, rather than curtail production. The need is imperative and vital to the whole country. In expanding his co-operative enterprises the farmer is showing progressive foresight that ultimately, if not blocked by the powerful middlemen and speculators, will result in an abundant and cheaper food supply. In saying that the consuming two-thirds must awake and take an active, forceful part in removing the choking grip the middleman has on the farmer, I am not wasting time by appealing to the unselfish interests of the consuming two-thirds. For their own selfish interest they must do it. Otherwise, with the farmer curtailing production, as he most surely is doing, it will be the consuming two-thirds, not the producing one-third, that will feel the food shortage first and most acutely.

The most enlightened form of selfishness I can conceive of would be for the consuming two-thirds to shed its ignorance and indifference, as to agriculture, learn the truth and act accordingly. They would then cease the harmful clamor-

ing for a reduction in the already-too-low prices paid to farmers and would bring to bear an influence that would cause the adoption of legislation by Congress to permit farmers in all States to form co-operative selling associations that will encourage increased production and bring down prices largely by eliminating the speculator and middleman, who take a profit at both ends by paying what they will to the farmer and charging all they can to the consumer.

As an example of the farmer's eagerness to put production on an unhampered basis, the wool that was clipped on thousands of Middle West farms this spring will pay toll to fewer middlemen than ever before. Iowa and Illinois growers marketed their wool through State pools of the growers last year and are doing the same thing this year. Indiana is joining the movement and Nebraska and Michigan who sold their wool through small pools last year will sell through big State pools this year. Missouri is forming more pools and a group of wool growers in the northwest part of Missouri is joining the efficient Iowa State pool. In my own State the wool growers of sixteen counties pooled their product last year. This year the producers in forty Kansas counties have joined the pool. And so you will find it throughout many other States and in a hundred different farm products. To be sure, the wool pools are meeting obstacles. In several instances farmers this summer have hauled their wool back home. The pools sell to the mills through a few agents, and the speculators, who long have found, in their manipulation to buy the farmers' wool cheaply and sell it dearly, a fleece more golden than that sought by Jason and the Argonauts, quite naturally are objecting vigorously to being deprived of their rich pickings.

But the farmer is determined as never before, either to have a fair portion of the reward for abundant crops, or to decrease his operations to a point where his expenses, labor and risk are much less, and, after all, in times of shortage, his profits are not much less than the middleman has allowed him for bumper crops. And the middleman is determined that his source of wealth, his manipulated privileges, shall not be interfered with by the mere producer of that wealth. Up to now the middleman has always kept the whip hand. From now on, he is going to find his self-

appointed task as master of the markets less and less secure. I believe the farmer will win an appreciable victory in the struggle. He must have relief or his industry cannot do otherwise than to decline still further. But just so long as his winning in his fight with the speculators and the market manipulators is deferred, just that long will food be scarce and high. For their own future and present welfare the time is here for the consuming two-thirds to take a part in the fight. It is their fight as well as the farmers'.

Let me give another example of the determined and businesslike way the farmers are going about this work of remedying our archaic, evil, and unfair system of marketing and distribution. Any urban housewife remembers that this spring she paid \$1.50 to \$2 a peck for old potatoes, a price at least four times the amount the grower received for those same potatoes. The dealer or speculator will justify that price by saying there was a shortage and the demand so far exceeded the supply that an exorbitant price was inevitable. Now the potato grower knows that the law of supply and demand has been changed to the Law of Supply and Demand & Company and that the "Company" is the most potent factor in fixing prices. He knows that when time for marketing the 1919 potato crop came the speculator had secured a large part of the scanty supply of railroad cars available for handling potatoes and that with this weapon and with a control of storage and marketing facilities could and did hammer down the buying price and in turn raise his selling price almost at will. Consequently the potato growers of Colorado held a State meeting last January and decided to go to the Interstate Commerce Commission for more equitable distribution of cars. But, and this demonstrates the calm and businesslike way the farmers are going about their affairs, they went first to the railroads and made their complaint. On May 21 a man walked into the associated office that the railroads maintain in Washington and told how the shortage of cars increasingly subjected the farmer to the manipulations of speculators. He asked that the potato growers and their marketing associations in Colorado be given equal consideration with the speculators in the distribution of cars and that the cars be not distributed on the unsupported word of any speculator or group of speculators who said they controlled the potato output in any district and should have

the cars to handle it. He did not ask that the speculator be discriminated against. All he asked was that the grower have equal rights with the speculator, and that where the speculator had bought potatoes, to let him have cars, but where the growers and not the speculator had potatoes, to let the growers and not the speculator have the cars. He also said that the Colorado Potato Growers Association had planned to go to the Interstate Commerce Commission for redress in this instance, but had decided first to give the railroads an opportunity to correct conditions. I am advised that the railroads acquiesced in the potato growers' request.

The potato crop in 1919 was 358,000,000 bushels, although the acreage planted was sufficient to have produced 390,000,000 bushels under an average normal yield. The 1919 crop was 54,000,000 bushels short of the 1918 crop and 83,000,000 bushels short of the 1917 crop. Obviously, when a man gets below an average yield of a crop he loses money. The law of supply and demand says that he should receive a higher ratio per bushel or pound for a short crop. But the law of Supply and Demand and Company says that he should not receive anything extra to make up for the fact that weather conditions cheated him out of the fruits of his time and labor. The law of Supply and Demand and Company says that short crops must result in higher prices, but that the higher prices belong to the speculator.

It requires $4\frac{1}{2}$ bushels of wheat to make a barrel of flour. The producer of wheat receives about \$8.37 for the wheat, the miller gets \$12.70 for the barrel of flour; the baker, \$88.70, and the New York and Washington hotel gets \$587 for the product of a barrel of flour, in the thin slices in which it is doled out. In my home State, Kansas, the farmers lost an average of 43 cents an acre on every acre of wheat they raised in 1919. The Secretary of the Kansas State Board of Agriculture, a recognized authority on farm production costs, gave that figure after he had made a thorough investigation of the cost of producing wheat in 1919 on 2,040 Kansas farms with a total area of 491,062 acres. The average production cost of the 1919 crop on these farms was \$25.20 an acre and the average return was \$24.77 an acre. In 1919 Kansas produced 20 per cent of the winter wheat and 16 per cent of all the

wheat of the United States, so these figures may be taken as generally representative of all our wheat-growing areas.

The wheat growers and the farmers in all other branches of farming are perfectly aware that the Government during the war nursed every other industry at the expense of agriculture, and now that the war is over and the reign of the profiteer dominates they do not propose that this condition shall continue. Farmers were receiving \$2.45 to \$2.60 a bushel for wheat at the time the Government decided to encourage wheat production by adopting its guarantee of \$2.20 a bushel for wheat. The \$2.20 was the seaboard price under the guarantee and the farmer received \$1.80 to \$2.04 a bushel under this \$2.20 guarantee, not far from a dollar less than when the Government cut the price to encourage production. And last year this great Government, through its grain corporation, made a profit of 23 million dollars out of the farmers' wheat.

About the time the Government fixed the price on wheat it also fixed the price on flour. The milling interests were consulted and a cost-plus price that was very fair, almost patriotic, was agreed on. The country was at war and the millers patriotically agreed that their margin should be small. But they got a cost-plus profit, not an arbitrary price, as did the wheat growers, and it may be remarked that not a few of our millers took advantage of this wide-open opportunity to increase their salaries and charge it to milling costs, to buy equipment and charge it to milling cost and to build elevators and additions and charge them to milling cost, all of which resulted in a big profit, under the cost-plus plan. Yes, indeed, it was all very regular, this profiteering on the cost-plus profit plan, but it was greedy, unpatriotic profiteering just the same and it was done on wheat for which the grower in many cases received less than it cost him to grow it.

How would you feel toward the wheat guarantee and the indifferent consuming two-thirds that permitted it, if you had been a wheat grower? But that is not all the discrimination contained in the Government's wheat guarantee which expired May 31. Suppose you had been a mill or elevator owner last winter or spring and had had any quantity of wheat in your bins. Suppose you had become uneasy as to what the price of that wheat would

be after the Government guarantee had expired on May 31. Up to midnight of May 31 you could have telegraphed to the United States Grain Corporation and the Government would have protected your holdings to the amount of the guarantee. But suppose you had not been a mill or elevator owner, but had been a farmer a half mile, a mile, or any distance from that hypothetical mill or elevator we have just mentioned. Suppose you had on your farm any quantity of wheat. Suppose, which was the true condition on thousands of farms, you could not sell that wheat, you had to hold it on your farm because of the car shortage. Suppose further that you, too, a farmer, had become uneasy as to what the price of wheat would be after the expiration of the guarantee on May 31. Could you have obtained the same governmental protection on the wheat in your farm granary that the miller or elevator man in the neighboring town enjoyed? No, you could not. The Government was protecting the middlemen and denied the same protection to the farmer. I do not know of a more flagrant, brazen piece of injustice than this. Of course, no protection was needed, it so turned out, but several months previously to the expiration of the guarantee it appeared as though such protection might be necessary.

You can find examples by the score of such inconsiderate treatment of our foremost industry. In July, 1919, hogs brought \$23.10 a hundredweight on the Kansas City market. By December, 1919, the price had dropped to \$15.35, and by May, 1920, it had gone off another \$2, a decline of about \$10, not far from 50 per cent, yet do you notice any very appreciable decline in the prices charged consumers for pork products? In 1917 the entire country was wholeheartedly bent on winning the war. The Government appraised the production possibilities of each State and district and assigned to each a certain increase in production of food products, for increased food production was an absolute essential in winning the war. For example, my neighboring State of Missouri had been producing about 4,000,000 hogs a year. The Government asked Missouri for a hog crop of 6,000,000 in 1918, an increase of 50 per cent in pork production. Similar increases were asked in the different States, according to their respective potentialities. Master farmers and the best brains of our agricultural colleges were sent into rural schools and

churches to urge the need of this production and to aid in methods of procuring it. And the former responded 100 per cent to this cry of the nation. Missouri came in with its 6,000,000 hogs, the herds of cattle and sheep were increased wherever possible and greater acreages of grain were put in. They did their part, and since that time, as previously, even worse than previously, they have seen their products manipulated and profiteered in, as a just reward for patriotism and industry.

Even while the country was crying for increased production in the fall and winter of 1917-18, the packers were paying the cattle feeders less for their finished cattle than the feeders had paid for thin cattle. In May, 1918, a thousand cattlemen of my State gathered at the State Agricultural College, just as the cattlemen of every other beef-producing State gathered that year, to protest against the ruinous market that the packers maintained, and to consider means of relief. At those meetings the best brains of the industry and the agricultural institutions hammered hard on that fundamental truth of the industry that in this day of high-priced land, high-priced feed and high-priced labor the only way to produce beef and live was to market younger and lighter cattle. It was cheaper, they said truly, to raise two 800-pound bullocks than one 1,600-pound steer. The Government, through the State agricultural colleges and the Department of Agriculture, had spent millions of dollars in demonstrating that the best and most economical method of producing beef was to grow and market light animals, baby beef, and for quite a few years the top market prices had been for baby beef because the highest class of the consuming trade demanded baby beef. Most of those cattlemen at those meetings in 1918 knew that fact of the beef industry, and most of them went home prepared to carry out that method of beef production, the method that the most advanced agricultural science had demonstrated was the most economical and best method of producing beef. And what was the result? The Food Administration put restrictions on beef, the buying commission for our army and navy came in with the commissions of our Allies, and they made the market. They demanded heavy carcasses, the most expensive and wasteful to produce. That the Government and the industry had spent millions of dollars in determining and demon-

strating that baby beef was the better and that the best hotels and restaurants of the country paid a premium for baby beef made no difference. They demanded the old-fashioned, heavy steer and with that demand they killed the market for baby beef, the type of animal that the Government had told the farmer to produce. Much prime baby beef that ordinarily would have graced the tables of only the wealthy and the highest-priced hotels was sold for canning meat that year, and the farmer, not the packer, was the sole loser. It does not help that it was innocent ignorance that unintentionally injured the producer in that case; the loss was just as heavy and hard as if it had been done with malice aforethought.

That is an old story now, but it is typical of how the farmer has been made to suffer on countless occasions for the whims and ignorance of the rest of the country. However, it is not an old story that many men were forced out of the cattle business last winter by the low prices the packer paid. I know men who lost as high as \$60 a steer on last winter's market, and who lost thousands and thousands of dollars on their hogs. Yet you do not see those losses reflected in a decline in retail prices of food. If it were not so tragic it would be laughable to watch the turns of the hog market. There is a run of 400 and 450-pound hogs in the market. See the prices drop. The buyers are explaining that the demand now is for light hogs, for fresh pork hogs, and that consequently they cannot pay so much for heavy hogs. Anything to be agreeable, the farmer ships light hogs to market. Now see the prices for heavy hogs go up and the prices for light hogs come down while the packers' buyers explain that the demand is for heavy, lard hogs and not for light, or fresh pork hogs. The same phenomenon may be seen in the cattle and sheep markets. The livestock market is very sensitive. Almost anything, it seems, is likely to change it. A run of shad up the Delaware or a story of whale meat being used on the California coast, and the market drops. Can you wonder at the farmer's attitude today, at his determination to protect his own industrial life?

A few weeks ago—it was in May—I met an old friend, an Oklahoma farmer, the usual type of self-sufficient, go-it-alone farmer whom five years ago you could not have dragged into a farmer's co-operative organization with a team of mules. Today he is a leader in a farmers' co-oper-

ative organization that is building a warehouse to handle the wheat and cotton of the members. He told me about it.

"My, but I hated to do it," he said. "My hands are full with my own farming and I don't want to get into this business. None of us do, but we've got to do it to get a square deal. We're building a warehouse to take care of our cotton. We've offered the elevator man a fair price for his outfit. We're giving him plenty of time to think it over. If he refuses we'll have to build. Almost all of us, though, had a whole lot rather he'd have been content with a decent profit so he could have kept the business."

In April, a Kansas farmer who was in Washington for a visit, remarked that he was going home to sell six horses.

"You're not moving to the city, too?" I asked.

"No," he replied, "but how much do you reckon it costs a farmer to keep a horse these days?"

"About \$150," I answered.

"Fairly close," he said. "It varies on different farms. I figure it costs me \$162 a year to keep one horse. I can save \$972 on the keep of those six horses for a year, plus the interest on the investment and less the risk of keeping them. I won't need them, for I'm cutting down. Can't get help to raise much grain and am afraid to tackle hogs again very strong. I'm planning to take it a little easier, just run a few old cows and some steers."

And there are many ways the farmer can cut down in his operations besides putting more land to grass and selling his horses. I believe that that Oklahoma cotton and grain grower and that Kansas wheat and cattle raiser typify the spirit of the farmer today. He is not striking. He is still the sanest and most stabilizing element of our society. He is merely doing the sane, sensible thing that any city business man would do.

I do not say that every farmer is taking this attitude. Absolute unanimity is impossible, except in a combination of speculators out to seize farm products at less than cost of production. But as a whole the farmers are cutting down operations and banding together in co-operative organizations as never before. True, they are not quitting entirely. That would be foolish, unbusinesslike, suicidal. They are simply conducting their business as any potato, sugar, wool or cotton speculator would conduct the business if he were farming. They are not Reds or Bolsheviks, for Bolsheviks

do not drive corn planters through water, as hundreds of farmers did in Iowa in May, trying to raise at least part of a crop under the most unfavorable weather conditions and knowing far better than any classical economist could tell them that half their seed would rot. Reds do not build million dollar sugar refineries, as Nebraska beet growers are doing after the single corporation that has had their territory as its own royal province had steadily refused to pay fair prices for beets. Radicals do not buy tractors and put in their corn as did a Saline County Missourian in May when all his help had deserted him for the higher wages paid in town. Nor do radicals start at reconstruction, or move in the same spirit that is being shown by the American Cotton Association which is organizing throughout the cotton States to put cotton on the same living basis for the producer that the California Fruit-Growers' Exchange achieved when the fruit growers banded and took a sick industry from the hands of the market manipulators who were bleeding it to death.

Following the Civil War there was an era of railroad building that helped carry the country through the trying reconstruction days. There was a vast area of virgin soil that offered means of increased production and an opportunity for new homes and new industries. We have not those two great opportunities for taking up the slack today, and in our effort at sane, fair deflation in the gradual progress back to normal we must exercise special care not to place deflation where it will injure the nation. The agricultural industry has not been inflated in any degree to compare with inflation in other industries. In fact, through governmental action and middleman manipulation, it was deflated even before it was inflated. To attempt to deflate it now would be but to bleed white our most essential industry.

I know of no better way to bring conditions back to normal, to reduce the high cost of living, than to encourage the farmer.

It is the only way. To do that the consuming two-thirds must, for its own welfare, help the farmer to attain fairer market conditions. Some of the States permit farmers to organize co-operative associations to market their products. Some of the States do not grant this privilege to farmers, although they do grant it to organizations of capital and of

labor. There must be a national law giving the farmer this right in all the States. Federal supervision of the packers is another reform that must come, and if the agricultural industry is to expand to meet the country's needs, there must be a more liberal system of short-time and long-time credits for farmers. Land speculators are one of our most harmful influences. While the agricultural colleges are training young men and women to be more efficient farmers these land speculators are making it impossible for the young farmers to obtain farms, and are the main cause for the alarming growth of tenantry with its decreased production on American farms.

There is nothing that I have said here that is not an old story to the average farmer, but is a new story to almost every city man. Particularly is it new to several millions of our urban population who were reared on farms twenty or thirty years ago, and who know almost as little about modern farming and farm conditions as the native of Manhattan, although they pose as authorities on farm questions at every opportunity and are an innocent and harmful influence in forming public opinion. The farmer knows how he has been used by manipulator and politician alike and he is taking steps to correct conditions. He desires better schools, better roads, not speedways; but most of all, he desires fairer market conditions. And he is going to get them, for he realizes that the question of sufficient farm labor, sufficient farm machinery, livable conveniences for the home, better schools, roads and churches and wholesome amusements, can be had only by obtaining a fair price for his livestock and his crops and by taking from the speculator and the middleman the just due of which he has been robbed so long. And the salvation of agriculture and of this whole country depends on it—absolutely.

ARTHUR CAPPER.